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THE INDUSTRIAL "WAR EFFORT" OF INDIA

(A Preliminary Memorandum)

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British Empire by Daniel Thorner.

DEPARTMENT OF STATE
REFERENCE DIVISION
FILE COPY

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This memorandum first shows that the industrial "war effort" of India is restricted in character, then suggests that India is capable of a considerable increase in output, and, finally, calls attention to some of the factors which may be operating to limit Indian war production.

A. The Indian "War Effort"

Startling as it may seem, the available evidence points to a drop in Indian industrial output in the year following May, 1940. The index of industrial activity compiled by the leading Indian economic weekly "Capital" placed production at 122 in May, 1940 (based on 1935 as 100) and at 119.4 in May 1941. (1) Official statistics of the Government of India tend to confirm this. Coal production in 1940-41 remained on the same level as 1939-40. The industrial use of electric power declined in the second half of 1940. And while steel production has increased, the rate of increase has been slow. (Total output for 1940 was about one million tons). (2)

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As the Government of India claims, the output of munitions has been intensified. To that end the Government has taken over practically all of the steel produced within the country and imported from abroad. (3) Information released by the Government, however, tends to show that the expansion of war industries is not large. In ordnance work, for example, plans have been made to train 1,300 supervisors and 6,000 skilled and semi-skilled artisans during the entire year September 1941-September 1942. Schemes are already under way for the training of 2,000 aircraft mechanics per year. (4) Lastly, expenditure on the army proper for the year 1940 is stated to have been less that for 1939 or 1938. (5)

B. Comparison with Canada and Australia

A brief statement of the war effort of Canada and Australia underlines the relative retardation in India. Since the outbreak of the present war, industrial employment in Canada has steadily increased, until at present the point of "full employment" has almost been reached. (6) Significant expansion of industrial production has occurred, the most important advance being registered by the steel industry, whose output in August, 1941, was 65% greater than the 1935-38 average. Construction and equipping of new plants, and extension of old ones has enabled Canada to send forth a wide range of war equipment. We are told that Canada is now producing light and medium tanks, A. A. guns, mine-sweepers, and thirteen types of planes, including Hurricane fighters and big "Catalina" flying boats. (7)

Canada, of course, might have been expected to outdistance India in the arms field. Canada had larger and more modern industries; her economy was closely integrated with that of the United States; and in contrast to India, her economic life has been better able to make the transition from peace to war.

When we turn to Australia, however, we are dealing with a country which stood considerably below India in engineering and heavy industry, and did not have even one-third the number of factory workers. (8) Yet Australian industry, after a slow start, has been geared to the necessities of war. Employment and output have risen steadily since the late Spring of 1940; (9) large numbers of trainer planes are stated to have been turned out; bombers, aircraft engines, and armoured cars are in production; naval vessels, including one destroyer have been launched, and merchantmen are being constructed. (10)

The gap between Canada and Australia on the one hand and India on the other, stands out most clearly in regard to the decisive weapons of modern warfare-aircraft and tanks.

Canada is turning out both planes and tanks.

Australia produces engines and training planes in quantity, and is to turn out fighters and bombers.

India produces no tanks and there is no indication that the Government of India is going to launch a tank program. With respect to airplanes, one Indian plant is about ready. It is to be purely an assembly plant, and it is expected to produce about one hundred planes during the coming two years. (11)

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C. Factors behind India's Retarded War Effort

From the above description it would seem that India's present capacities-not considering her enormous untapped resources in iron, coal, and water power-are not being utilized to their fullest value. The example of Australia has been cited to show that it is not economic backwardness which explains India's limited war output. Nor is it any special Indian opposition to industralization. On the contrary, for a quarter of a century and more, Indians of all classes and organizations, especially the Indian National Congress, have called upon the Government to encourage the development of industry in India.

This memorandum is not the place for a full statement of the factors retarding industry in India. But a few general considerations may be recorded. India has traditionally been regarded in Great Britain as a reservoir of raw materials and as a market for manufactured goods. The British authorities have been reluctant to assist the development of competing industries in India. In the period since 1919, furthermore, the Indian political battleground has not been favorable to long-term plans. And since September 1939, the Indian scene has been dominated by the possibility of a recurrence of civildisobedience on a large scale.

The nexus of traditional political and economic considerations does not seem to have been substantially altered in the course of the present war, despite the terrible dangers confronting Great Britain, and despite the ever-closer approach of the sphere of conflict to the Middle East and India.

1. Quoted in Foreign Commerce Weekly, October 4, 1941, p. 17

2. Monthly Survey of Business Conditions in India (published by Government of India), February 1941, pp. 661, 665; Foreign Commerce Weekly, op. cit., pp 17-18; Indian Information, July 1 , 1941.

3. Foreign Commerce Weekly, op. cit, pp 17-18

4. London Times, September 22, 1941; Indian Information, July 1, 1941

5. Statesman's Year Book, 1941, p. 122.

6. Christian Science Monitor, October 16, 1941, p. 2, (citing Dominion Bureau of Statistics) United States Commissioner of Labor Statistics, Isador Lubin, in New York Times, October 21, 1941, p. 16.

7. Canada At War, (issued by the Director of Public Information, Canada), September and October, 1941; Canada Yearbook, 1941, pp. 366-368; The Economist (London), December 28, 1940.

8. Official Yearbook of the Commonwealth of Australia, 1939, pp. 711, 723-725; Statistics of Factories (published by Government of India), 1937, pp. 8-27; Indian Information, June 15, 1941, (citing Statistics of Factories, 1939); Minerals Year Book, 1940, pp. 555, 562.

9. Quarterly Survey of Australian Statistics, (issued by the Commonwealth Bureau of Statistics), Bulletin #163, March 1941, pp. 13, 15; Statistical Bulletin of New South Wales, March, 1941, p. 28.

10. "Australia's Military Effort" by J. K. Howie, in Far Eastern Survey, vol. 10, May 19, 1941, pp. 105-106; The Round Table June 1941, p. 585; Vincent Sheean, filing from Sydney, in New York Herald-Tribune, October 22, 1941.

11. Sir M. Visvesvaraya, speaking at the annual dinner of the Association of Indian Industries, The H indu (of Madras), July 22, 1941, p. 6.